

Executive Summary Report

Appraisal Date 1/1/2002 - 2003 Assessment Roll

Quadrant Name: Northwest King County Commercial Area

Previous Physical Inspection: 1/2001

Sales – Improved Analysis Summary:

Number of Sales: 267

Range of Sales Dates: 1/99 – 3/02

Sales – Ratio Study Summary:

	Improved Value	Sale Price	Ratio	COV
2001 Value	\$1,596,100	\$1,779,700	89.70%	17.27%
2002 Value	\$1,714,300	\$1,779,700	96.30%	10.25%
Change	+\$118,300		+6.60%	-7.02%
% Change	+7.40%		+7.36%	-40.65%

*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of -7.02% and -40.65% actually represent an improvement.

Sales used in Analysis: All improved sales which were verified as good that did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis.

Population - Parcel Summary Data:

	Land	Imps	Total
2001 Value	\$7,403,283,633	\$2,803,109,307	\$10,206,392,940
2002 Value	\$8,353,615,600	\$2,815,275,952	\$11,168,991,552
Percent Change	+12.84%	+0.43%	+9.43%

Number of Parcels in the Population: 7876 excluding specialties

Conclusion and Recommendation:

Since the values recommended in this report improve uniformity, assessment level and generally reflect the Northwest King County rising real estate market, we recommend posting these values for the 2002 Assessment Roll.

Present Improvement 2002 Ratio Calculation for 10,17,19,20,25

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																								
Northwest King County	1/1/2001	6/6/2002	1/1/99 - 03/31/02																								
Area	Appr ID:	Prop Type:	Trend used?: Y / N																								
10,17,19,20,25	BCHR	Improvement	N																								
SAMPLE STATISTICS																											
Sample size (n)	268	<div>Ratio Frequency</div> <table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.5</td><td>6</td></tr><tr><td>0.6</td><td>8</td></tr><tr><td>0.7</td><td>13</td></tr><tr><td>0.8</td><td>28</td></tr><tr><td>0.9</td><td>29</td></tr><tr><td>1.0</td><td>124</td></tr><tr><td>1.1</td><td>41</td></tr><tr><td>1.2</td><td>9</td></tr><tr><td>1.3</td><td>7</td></tr><tr><td>1.4</td><td>2</td></tr><tr><td>1.5</td><td>1</td></tr></tbody></table>		Ratio	Frequency	0.5	6	0.6	8	0.7	13	0.8	28	0.9	29	1.0	124	1.1	41	1.2	9	1.3	7	1.4	2	1.5	1
Ratio	Frequency																										
0.5	6																										
0.6	8																										
0.7	13																										
0.8	28																										
0.9	29																										
1.0	124																										
1.1	41																										
1.2	9																										
1.3	7																										
1.4	2																										
1.5	1																										
Mean Assessed Value	1,596,100																										
Mean Sales Price	1,779,700																										
Standard Deviation AV	13,065.626																										
Standard Deviation SP	14,568.040																										
ASSESSMENT LEVEL																											
Arithmetic mean ratio	0.918	<div>These figures reflect the 2001 assessment level of improved sales compared to current market sales.</div>																									
Median Ratio	0.954																										
Weighted Mean Ratio	0.897																										
UNIFORMITY																											
Lowest ratio	0.4090																										
Highest ratio:	1.4457																										
Coefficient of Dispersion	11.66%																										
Standard Deviation	0.1586																										
Coefficient of Variation	17.27%																										
Price-related Differential	1.02																										
RELIABILITY																											
95% Confidence: Median																											
Lower limit	0.941																										
Upper limit	0.969																										
95% Confidence: Mean																											
Lower limit	0.899																										
Upper limit	0.937																										
SAMPLE SIZE EVALUATION																											
N (population size)	1407																										
B (acceptable error - in decimal)	0.05																										
S (estimated from this sample)	0.1586																										
Recommended minimum:	39																										
Actual sample size:	268																										
Conclusion:	OK																										
NORMALITY																											
Binomial Test																											
# ratios below mean:	95																										
# ratios above mean:	173																										
z:	4.703523608																										
Conclusion:	Non-normal																										
*i.e., no evidence of non-normality																											

Future Improvement 2002 Ratio Calculation for 10,17,19,20,25

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:																	
North Crew	1/1/2002	4/24/2002	1/1/99 - 03/31/02																	
Area	Appr ID:	Prop Type:	Trend used?: Y / N																	
10,17,19,20,25	BCHR	Improvement	N																	
SAMPLE STATISTICS																				
<i>Sample size (n)</i>	268	<div><div>Ratio Frequency</div><table><thead><tr><th>Ratio</th><th>Frequency</th></tr></thead><tbody><tr><td>0.8</td><td>9</td></tr><tr><td>0.9</td><td>30</td></tr><tr><td>1.0</td><td>133</td></tr><tr><td>1.1</td><td>72</td></tr><tr><td>1.2</td><td>11</td></tr><tr><td>1.3</td><td>10</td></tr><tr><td>1.4</td><td>2</td></tr></tbody></table></div>			Ratio	Frequency	0.8	9	0.9	30	1.0	133	1.1	72	1.2	11	1.3	10	1.4	2
Ratio	Frequency																			
0.8	9																			
0.9	30																			
1.0	133																			
1.1	72																			
1.2	11																			
1.3	10																			
1.4	2																			
<i>Mean Assessed Value</i>	1,714,300																			
<i>Mean Sales Price</i>	1,779,700																			
<i>Standard Deviation AV</i>	14,032,251																			
<i>Standard Deviation SP</i>	14,568,040																			
ASSESSMENT LEVEL																				
<i>Arithmetic mean ratio</i>	0.979	<div>These figures reflect 2002 assessment level of improved sales compared to current market sales.</div>																		
<i>Median Ratio</i>	0.980																			
<i>Weighted Mean Ratio</i>	0.963																			
UNIFORMITY																				
<i>Lowest ratio</i>	0.6137																			
<i>Highest ratio:</i>	1.3715																			
<i>Coefficient of Dispersion</i>	7.09%																			
<i>Standard Deviation</i>	0.1004																			
<i>Coefficient of Variation</i>	10.25%																			
<i>Price-related Differential</i>	1.02																			
RELIABILITY																				
95% Confidence: Median																				
<i>Lower limit</i>	0.971																			
<i>Upper limit</i>	0.986																			
95% Confidence: Mean																				
<i>Lower limit</i>	0.967																			
<i>Upper limit</i>	0.991																			
SAMPLE SIZE EVALUATION																				
<i>N (population size)</i>	1407																			
<i>B (acceptable error - in decimal)</i>	0.05																			
<i>S (estimated from this sample)</i>	0.1004																			
<i>Recommended minimum:</i>	16																			
<i>Actual sample size:</i>	268																			
Conclusion:	OK																			
NORMALITY																				
Binomial Test																				
<i># ratios below mean:</i>	132																			
<i># ratios above mean:</i>	136																			
<i>z:</i>	0.183254167																			
Conclusion:	Normal*																			
*i.e., no evidence of non-normality																				

USPAP Compliance

Client and Intended Use of the Appraisal:

*This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a **summary mass appraisal report** as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.*

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 *REAL PROPERTY VALUATION—HIGHEST AND BEST USE.*

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with

reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.

MEMORANDUM

DATE: January 3, 2002
TO: Commercial Appraisers
FROM: Scott Noble, Assessor
SUBJECT: 2002 Revaluation for 2003 Tax Roll

The King County Assessor, as elected representative of the people of King County, is your client for the mass appraisal and summary report. The King County Department of Assessments subscribes to the Uniform Standards of Professional Appraisal Practice 2000. You will perform your appraisals and complete your summary mass appraisal reports in compliance with USPAP 2002. The following are your appraisal instructions and conditions:

1. You are to timely appraise the area or properties assigned to you by the revalue plan. The Departure Provision of USPAP may be invoked as necessary including special limiting conditions to complete the Revalue Plan.
2. You are to use all appropriate mass appraisal techniques as stated in USPAP, Washington State Law; Washington State Administrative Code, IAAO texts or classes.
3. The standard for validation models is the standard as delineated by IAAO in their Standard on Ratio Studies (approved 1999); and
4. Any and all other standards as published by the IAAO.
5. Appraise land as if vacant and available for development to its highest and best use [USPAP SR 6-2(i)]. The improvements are to be valued at their contribution to the total.
6. You must complete the revalue in compliance with all Washington and King County laws, codes and with due consideration of Department of Revenue guidelines. The Jurisdictional Exception is to be invoked in case USPAP does not agree with these public policies.
7. Physical inspections should be completed per the revaluation plan and statistical updates completed on the remainder of the properties as appropriate.
8. You must complete a written, summary, mass appraisal report for each area and a statistical update report in compliance with USPAP Standard 6.
9. All sales of land and improved properties should be validated as correct and verified with participants as necessary.
10. You must use at least two years of sales. No adjustments to sales prices shall be made to avoid any possibility of speculative market conditions skewing the basis for taxation.
11. The intended use of the appraisal and report is the administration of ad valorem property taxation.
12. The intended users include the Assessor, Board of Equalization, Board of Tax Appeals, King County Prosecutor and Department of Revenue.